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Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

10 June 1983

The Fatah Mutiny: Implications for the Peace Process

Summary

The rebellion inside Fatah is likely to force a change in PLO strategy. Efforts to obtain US pressure on Israel to compromise on the West Bank/Gaza issue will decline and cooperation with Syria and the Soviet Union in pressing for a comprehensive Middle East settlement will grow. We see little chance that Arafat or any other "moderate" leader will be able to redress the balance that now tilts toward PLO radicals. The moderate Arab states are unable to reverse the PLO's move to the left, and their likely reaction will be to press the US to offer concessions on Palestinian self-determination, while accommodating to PLO internal changes. The Fatah schism has deepened West Bank concern that the PLO cannot end the Israeli occupation, but West Bank leaders are unlikely to emerge as an alternative voice for the Palestinians. Israel believes increased radical influence in the PLO will force moderate West Bank/Gaza leaders to reach an accommodation with Tel Aviv. The Soviets are supporting Arafat but hope his political weakness will force him to adopt more pro-Soviet policies and reconcile with Syria. [redacted]

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This memorandum was prepared by [redacted] Arab-Israeli Division, office of Near Eastern and South Asian Analysis. It was coordinated with the National Intelligence Officer for Near East and South Asia, Offices of Soviet Analysis, Central Reference, and the Directorate of Operations. Information as of 9 June 1983 was used in preparation of this paper. Comments and queries are welcome and should be addressed to Chief, Arab-Israeli Division, [redacted]

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Radicals on the Rise

Arafat faces a serious loss of confidence in his leadership among Palestinians at large and within the PLO. The mutiny remains confined to several hundred officers and men in the Bekaa Valley and Damascus, but many other Fatah members are sympathetic to the rebels' cause. There is a widespread feeling that Arafat has lost touch with the fighters in Lebanon and that his practice of trying to be all things to all people has resulted in drift and incoherence in PLO policy. Many Fatah members who have not overtly supported the rebellion have concluded that it was necessary to demonstrate to Arafat his increasing isolation.

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The US Embassy in Kuwait, for example, reports that even among the basically conservative Palestinian residents in Kuwait, there is a sense of policy drift within the PLO and a lack of confidence in its leadership.

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Support for Arafat's effort to fashion a PLO negotiating strategy tacitly linked to President Reagan's initiative has eroded since the breakdown in April of his talks with King Hussein. Palestine National Council Chairman Khalid Fahum in mid-May told a Western diplomat that Arafat's position in Fatah had eroded and that there was much more criticism of his actions, particularly over the PLO-Jordanian negotiations.

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Most Fatah members apparently have concluded that the political option for achieving Palestinian self-determination is effectively closed, given their perception that the US is unable to force Israel to bargain over the status of the West Bank and Gaza and that Israel in any event will not allow an independent PLO seat at the bargaining table.

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Fatah cadres based in Lebanon and other Arab countries, had increasingly expressed the attitude that Arafat was "selling everything" through his pursuit of a political solution to the Palestinian issue. A statement issued in Damascus in late May by six Fatah officers announcing their support for the rebellion blamed the political dialogue pursued by Arafat for hurting the Palestinian movement.

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We believe that Arafat's efforts to draw closer to Syria, begun even before the mutiny, and his failure to resume personal contacts with King Hussein indicates he believes the Fatah consensus does not support efforts to link the PLO to a US-sponsored peace process through coordination with Jordan. Arafat's talks with Hussein broke down when the Fatah Central Committee almost unanimously rejected a tentative agreement

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[redacted]

Arafat had reached with Hussein providing for the creation of a negotiating team comprised of Jordanians and non-PLO Palestinians. The Committee members insisted that the PLO should have a direct role in any negotiations and a guarantee that talks would result in Palestinian self-determination. [redacted]

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Fatah members seem to have concluded that Arafat's pursuit of a negotiated settlement under these conditions had become a futile exercise that served only to focus attention on the PLO's weakness. Support for negotiations even among Palestinians normally considered moderate has become synonymous with a sell-out of the Palestinian cause. A reversion to hardline and confrontational tactics, even at the cost of being drawn into the Syrian orbit, appears the only alternative. [redacted]

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Arafat is being held accountable for the failure of his efforts over the years to mobilize international support behind a negotiated solution to the Palestinian issue based on the establishment of a Palestinian state in the West Bank and Gaza, at least as an interim settlement. The US Embassy in Damascus, based on discussion with local observers and Western journalists, believes the guerrilla mystique still motivates the majority of young PLO fighters. Arafat's pursuit of the diplomatic path had caused him to wander far from the mystique, but he had nothing to show for his efforts, leaving Fatah fighters confused and unenthusiastic about his leadership. The militants in Fatah and in the other PLO guerrilla groups believe their preference for reliance on armed struggle has been vindicated. [redacted]

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The effect of the rebellion will alter for a long time and perhaps permanently the approach of Fatah and the PLO to the peace process. If Arafat is to survive, he will have to appease his critics by adopting more hardline policies aligned with those of Syria and abandon his effort to arrange a common negotiating position with Jordan. [redacted]

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Should Arafat be deposed or assassinated, any successor would be even more likely to follow a militant course, if only to prove his revolutionary credentials. [redacted]

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Fatah moderates, although they will have to accept a shift in emphasis to armed struggle, may in the near term be able to get the PLO to advocate military action as an adjunct rather than a substitute for diplomatic activity, leaving open the possibility that the organization can return to the negotiating track if the prospects of obtaining political dividends improve. PLO radicals, however, will press for a PLO commitment to a long-range strategy of mobilizing opposition to Israel through the radicalization of the Arab world and the overthrow of conservative Arab regimes. This strategy is likely to appeal to increasing numbers of Palestinians as continued Israeli settlement activity in the West Bank leads them to conclude that the Palestinians have nothing about which to negotiate. [redacted]

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The Beneficiaries: Syria, Libya, and Maybe Iran

Syria is the primary beneficiary of Fatah's troubles. President Assad is now assured that the PLO will not be able to act independently of Syria in the peace process, thereby reasserting the critical role of Damascus in Middle East peace making. Assad is free to pursue his strategy of using the Palestinian issue as a bargaining chip to gain concessions for Syria on the Golan Heights issue. [REDACTED]

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Syria's enhanced influence over the PLO also gives Damascus increased leverage in dealing with the moderate Arab states. Syria now will be seen as having more ability to sponsor and control Palestinian terrorism, giving Damascus a lever to press the Arabs--especially Saudi Arabia--for political and financial support. This threat will become more real if:

- Arafat and his remaining supporters are ousted and Syria gains control of a radical-dominated PLO willing to use terrorism against the moderate states.
- The Syrians decide that Saudi Arabia and other moderate states have become obstacles to Syria's realization of its Middle East goals. [REDACTED]

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There is a potential for friction between Syria and the Fatah rebels. Only a few of the political leftists among the rebels are willing to accept Syrian guidance of the PLO. Most of the radicals want to remain free of Syrian control, and will protest if the Syrians become too demanding in pressing for Palestinian subservience to Syrian interests. Rebel leader Colonel Said Muragha is an outspoken Palestinian nationalist. George Habbash and Nayif Hawatmah, the leaders of the two most influential PLO groups after Fatah, would also be reluctant to sacrifice their reputations among Palestinians by being perceived as Syrian puppets. These two Marxist leaders over the past few months continued to maintain friendly relations with Arafat, despite the bitter animosity between Arafat and Assad. The identity of views between the Syrians and PLO radicals on most key issues, however, may make moot the question of Syrian-radical differences, unless Syria is perceived to be selling out the Palestinians and attempting to reach a separate settlement with the US or Israel. [REDACTED]

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Syria is sensitive to these Palestinian concerns. We believe its objectives will be largely fulfilled if it obtains a PLO that follows the Syrian lead on major issues but maintains enough independence to be accepted by the Palestinians and the Arabs as a credible representative of the Palestinians. [REDACTED]

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Libya has gained some increased influence in the PLO by supporting the Fatah dissidents. [REDACTED]

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[redacted] The mercurial Qadhafi may have begun to hedge his bets as well; following his definite loss of the OAU chairmanship on 9 June he has redirected his attention to the Arab arena, and may have arrived at a preliminary reconciliation with Arafat. If a full-blown rapprochement results Qadhafi will not necessarily curtail his aid to the rebels and to radical Palestinian groups in general--though he may promise to do so--but he will become more discreet. [redacted]

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If the reconciliation with Arafat does materialize, Qadhafi will expect to have a greater voice in PLO affairs regardless of who comes out on top. Any increase in Libyan influence is likely to be minimal, however. Whatever the resolution of the leadership issue, the PLO will be forced to take its political cues primarily from Syria. [redacted]

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Iran has an opportunity to gain greater influence with Fatah by providing financial aid to the dissidents. Rebel leaders have asked for such assistance, and the Syrians have endorsed the request. [redacted]

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[redacted] Iran has the resources to equal the aid provided by Saudi Arabia and other Gulf states, currently the major sources of Fatah and PLO funds. An Iranian decision to provide substantial aid would encourage the militants to continue efforts to undermine Fatah moderates, even if their overt rebellion ended, by easing the dissidents' concern that a more radical PLO might lose moderate Arab financial support. [redacted]

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Implications for the Arab States

The weakening of the PLO's moderate wing has revived the fears of the moderate Arab states that they will eventually face a radicalized PLO backed by hardline Arab states and bent on their destruction as well as the elimination of Israel. A senior Saudi Foreign Ministry official told the US Deputy Chief of Mission earlier this month that the Saudis believe PLO proponents of military action, including terrorism, will gain the upper hand. The moderate Arabs have depended on Arafat to control the radicals and particularly to prevent terrorism against the Arab states. Most of the moderate states would prefer to see Arafat remain in power, but they are prepared to deal with any other generally accepted leader that might emerge. They would hope that any new leader would not be measurably more radical, but they would welcome relations with any PLO leader willing to reciprocate. [redacted]

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The moderate Arabs, if they perceive PLO radicals are continuing to gain ascendancy over the PLO moderates, are likely to focus more on attempts to change US policy than on attempts to isolate politically the Palestinian radicals. King Fahd probably would seek a public statement by the US expressing unequivocal support for Palestinian self-determination in order to strengthen

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[REDACTED]

PLO moderates and revitalize the peace process. Moderate leaders will probably conclude that, on balance, the radicals have more leverage over them than they do over the radicals. [REDACTED]

In 1982, the Arab states provided \$2 billion to Syria, [REDACTED] Manipulation of financial aid has not in the past, however, provided the Arabs with much leverage to alter Syrian policies, and it is unlikely to be an effective instrument in preventing Syria from gaining more control of the PLO or the Palestinian radicals from undermining the PLO moderates. The Palestinians, on the other hand, can launch terrorism against the Arab states and support their domestic dissidents. [REDACTED]

Even if the PLO came under radical domination and turned against the moderate states, many moderate leaders like those in Saudi Arabia, Kuwait, and the UAE would continue to support the organization in the hope of ameliorating radical hostility. As long as the Arab consensus supports the concept of Palestinian self-determination, the moderate Arab leaders will be hard-pressed to alter their view that they cannot risk directly opposing PLO policies on the Palestinian issue, however much they might differ with PLO strategy. [REDACTED]

Implications for Israel

We believe the Israelis are pleased with the unrest in Fatah because they believe it will loosen the PLO's hold on West Bankers and perhaps lead moderate leaders in the occupied territories to consider joining the Camp David autonomy talks or enter into direct negotiations with Israel. Moreover, radical pressure on Arafat to drop his diplomatic approach almost certainly will lead to diminished international pressure on Israel to accommodate Palestinian demands and will spare Tel Aviv the difficult decisions it would face if Arafat did agree to recognize Israel. [REDACTED]

[REDACTED]

[REDACTED] the unrest will produce a more militant PLO, raising the chances for increased terrorist attacks on Israeli targets throughout the world. Nonetheless, Israel realizes that a return to terrorism will decrease the PLO's acceptability as a negotiating partner and thereby further erode international pressure on Israel to deal with the Palestinians. [REDACTED]

Implications for the West Bank

The split within Fatah and the likelihood of increased Syrian and radical influence over the PLO will provide more evidence to West Bank moderates that the PLO cannot be counted on to end the Israeli occupation. West Bank leaders, however, are unlikely to emerge as a credible Palestinian voice in support of the peace process. They will probably conclude that enhanced radical influence in the PLO increases the threat to the personal

safety of any Palestinian that strays from the PLO line. The West Bankers' assessment that Israel at best is prepared to grant only limited autonomy is likely to restrain whatever inclination some West Bank leaders might have to join negotiations. []

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The West Bankers' frustration with both the PLO and local moderates will probably cause increasing numbers to join the Muslim Brotherhood. The Brotherhood over the past year has become more active in the occupied territories and attracted many new recruits. []

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Soviet Reaction

During the past two weeks, Moscow has weighed in with support for Arafat's leadership:

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- Salah Khalaf, a close aid to Arafat, announced recently in a Moscow press conference that Andropov had sent Arafat two letters endorsing his leadership. []

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Although the Soviets probably will try to exploit Arafat's weakness to move him toward a stronger rejection of US proposals for an Arab-Israeli peace settlement, they probably will continue to support his leadership and PLO unity, and will urge a reconciliation between Assad and Arafat. Moscow apparently is calculating that:

- A united PLO, reconciled with Syria, could help unify all Arabs against the Lebanese-Israeli accord and any US-brokered peace plans for the Middle East that exclude Moscow. A PLO feud at this time, in contrast, would distract the Palestinians from support for these broad Soviet objectives. []
- At the same time, Moscow wants to preserve a strong PLO independent of Syria. The Soviets probably believe that Arafat is the PLO leader most capable of doing this. []

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Implications for the US

The Fatah mutiny and the rise of radical and Syrian influence in the PLO has ended any remaining chance of Arafat's approving Jordanian participation in expanded peace talks. King Hussein accepts this view, and believes Jordan and the US must begin exploring alternatives to keep the peace process alive. He has not settled on a firm course of action, but in general favors building up West Bank and Gaza leaders as an alternative voice to the PLO. The US Embassy reports, however, that there is no real

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[REDACTED]

evidence that the Jordanians are actively pursuing greater involvement in the occupied territories or taking steps to challenge other outside influences there. The Jordanians believe the US must take the lead in encouraging the West Bank and Gaza leaders to act independently to join the peace process. [REDACTED]

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Saudi Arabia and other moderate Arab states will largely blame the US for Arafat's predicament. They are unhappy with his vacillating policies, but believe the US unwillingness to support Palestinian self-determination and its perceived failure to halt West Bank settlement activity or to secure a timely Israeli withdrawal from Lebanon undercut the PLO moderates and encouraged the radicals to mount their challenge to Arafat. [REDACTED]

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The Saudis perceive the moderate Arabs have lost out to Syria in competition for influence over the Arab approach to the Palestinian issue, and they will probably be less willing to be identified with any new US peace initiatives that fall short of support for Palestinian self-determination. [REDACTED]

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Assad's renewed grip on the PLO will increase his confidence that the US must now accept Syria as the principal Arab player in the peace process. Assad will be more inclined to hold out for major concessions in return for a Syrian withdrawal from Lebanon--looking for a new US peace initiative that deals directly with the Golan Heights as well as the Palestinian issue--and more confident that he can manage the crisis while he waits. [REDACTED]

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